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SPEECH

OF

HON. SIMON CAMERON,
OF PENNSYLVANIA,

ON

THE REISSUE OF TREASURY NOTES;

DELIVERED

IN THE SENATE OF THE UNITED STATES, MARCH 2, 1859.

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S P E E C H .

The Senate, as in Committee of the Whole, took up for consideration the bill making appropriations for sundry civil expenses of the Government for the year ending June 30, 1860.

Mr. CAMERON. Mr. President, I cannot vote for this bill. In my judgment, it is unwise to borrow money without providing the means for its payment. Let it be accompanied by a section changing our revenue system from *ad valorem* to specific duties, and I will vote for this additional \$20,000,000 of Treasury notes.

I have been disposed, hitherto, to hope that something would be done for the industry of the country at the present session; but I am satisfied now that it is not the intention of this Congress, or of this Administration either, to curtail their extravagant expenditures, or to provide the means of payment. We are to live upon credit; and those who follow us will have to pay the debts contracted under this Administration.

The proposition of the very intelligent Senator from Rhode Island, to alter the form of collecting duties, was voted by the majority this morning as unconstitutional, upon the ground that it was in the nature of a revenue measure, and that such measures must originate with the House of Representatives. Its purpose was to prevent frauds; and its effect upon the Treasury would have been an increase of its receipts; but, in preventing frauds, it would also have benefited, incidentally, the manufacturer, by keeping out of competition worthless and under-valued foreign fabrics. Now, we are about to vote upon a measure which avowedly and openly raises revenue, in the shape of irredeemable Treasury notes. This measure will be voted constitutional by the same Senators who refused by their votes, this morning, to so adjust the present law as to make frauds impossible.

The Government should increase their income by a wise adjustment of the revenue system; but they come here and ask us to allow them to borrow more money. If they get this new issue, of course they will act as all broken-down merchants do—use that expedient for the present; and next year they will probably come for another batch

of irredeemable notes. In his annual message, the President told us that he was desirous of changing the revenue system from *ad valorem* to specific duties, in accordance with the interests of his native State and with his promises made to her citizens. Does any Senator believe he was sincere in those promises? If he was sincere, then men will wonder how his call for the Cuban fund of \$30,000,000 was so cordially supported by all his party. Will any one believe that the President was sincere in his recommendation when he gets no support for it in this body, where a large majority are his partisans, and many of them were the advocates of protection before they joined his standard? He would not himself be willing to admit a fact so discreditable to his power. And yet such is the truth. All of his friends are now doing all they can to prevent any action on the subject.

The origination of all revenue bills belongs, properly, to the House of Representatives. It is known here, it is known at the other end of the avenue, that no loan bill can reach us from the House of Representatives, unless it is accompanied by an alteration in the tariff. This subterfuge is, therefore, resorted to. It is a part of that skillful legislation which the well-trained gentlemen who come from that section of the country where, they say, they have no sectionalism, always practice with signal ability. They can always find some mode of getting around the Constitution, when it suits their own purposes. They want no change in the tariff, but they want money to carry on the Government; and the credit of the Government will raise the money.

Yesterday, an amendment, originating in the Senate, changing the mode of merely collecting the revenue, was, in their opinion, unconstitutional. To-day, it is constitutional to originate a loan bill in the Senate; for it has been discovered that such a bill, having passed this body, can be squeezed through the House of Representatives by the skillful use of its rules. In all the discussions on this subject, we of the North have been treated as not belonging to the country.

The honorable Senator from Virginia, [Mr. HUNTER,] as well as the distinguished Senator from Georgia, [Mr. TOOMBS,] have, in their discussion of the tariff question, endeavored to excite the prejudices of the people of their section by the alarming cry of taxation. They allege that the South is unduly taxed for the benefit of the North, in all revenue bills which, even incidentally, or by accident, give protection to the manufacturer. They are highly honorable gentlemen, of acknowledged ability, and with long-standing reputation as statesmen. They seem, too, to be sincere; and I should not venture to contradict what comes from such high authority without the most ample proof. But, believing the facts would prove them to be in error, I have taken some trouble to have carefully examined the census tables in the report of the Treasury Department.

Mr. Guthrie's report on the finances for the year 1855 contains a number of important tables compiled from the census of 1850. Turning to table No. 21, page 100, the population of each State and Territory is given, separating the slave from the free; and, giving the former the benefit of Delaware, which is often classed as a free State, we have the following:

| Population in 1850. | |
|---|--------------------------|
| Free States..... | 13,465,576= 58 per cent. |
| Slave States..... | 9,726,300= 42 " |
| Total..... | 23,191,876=100 " |
| Revenue derived from customs in 1849-50, (see table 12, page 82.), \$39,668,686 42; equal <i>per capita</i> , \$1 71.5. | |
| Amount paid by free States..... | \$37,106,935 |
| Amount paid by slave States..... | 12,561,933 |
| Total..... | 39,668,868 |

At page 100, table No. 21, you will find the following heading: "Amount of paying imports, less foreign paying exports allotted to each State, based upon its productions." These productions refer to the total value of agricultural and manufacturing productions of each State. They sum up as follows:

| | |
|---|----------------------------|
| Free States, <i>per capita</i> , \$7 51.... | \$101,222,351=68 per cent. |
| Slave States, <i>per capita</i> , 4 82.... | 46,829,224=32 " |
| Total..... | \$148,051,575 |

Here we find the free States and slave States showing the following ratio:

| Share of the public burden, <i>per capita</i> . | |
|---|--------------|
| Free States..... | 58 per cent. |
| Actual allotment as above..... | 68 1/2 " |
| Excess..... | 10 1/2 " |
| Slave States..... | 42 " |
| Actual allotment as above..... | 32 1/2 " |
| Deficiency..... | 9 1/2 " |

Apply these figures to the revenue derived from customs:

| | |
|--|--------------|
| Proportion due, <i>per capita</i> —free States..... | \$23,032,823 |
| Actually paid by free States..... | 27,106,935 |
| Excess paid by free States..... | \$4,074,112 |
| Equal to seventeen per cent. | |
| Proportion due, <i>per capita</i> —slave States..... | \$16,635,863 |
| Actually paid by slave States..... | 12,561,751 |
| Deficiency of the share due from them, twenty-five per cent. | |

The share of the burden of the free States, *per capita*, of

income from customs, was \$1 71.4; but they paid, *per capita*, \$2 01; equal to twenty-nine and six tenths per cent. too much.

The share of the slave States was, *per capita*, \$1 86.6; but they paid, *per capita*, only \$1 29; equal to fifty-seven and six tenths per cent. too little.

Now let us compare some of the manufacturing free States with the strictly agricultural of the slave States. In the last column of table No. 21 we have the following heading: "Allotment *per capita* of the paying imports, less the foreign paying exports, as allotted to each State, based upon its productions."

From this column I select the following seven manufacturing States, with their ratios:

| | |
|--------------------|---------|
| Massachusetts..... | \$12 26 |
| Rhode Island..... | 12 11 |
| Connecticut..... | 11 48 |
| New Jersey..... | 8 89 |
| New Hampshire..... | 8 62 |
| New York..... | 8 47 |
| Pennsylvania..... | 7 31 |

Divided by 7) 69 14

Average per cent.....\$9 88

Also seven agricultural States:

| | |
|---------------------|--------|
| Georgia..... | \$4 52 |
| Florida..... | 4 03 |
| North Carolina..... | 3 36 |
| South Carolina..... | 4 19 |
| Alabama..... | 4 83 |
| Texas..... | 3 76 |
| Virginia..... | 4 37 |

Divided by 7) 29 06

Average per cent.....\$4 15

Thus it appears that the seven manufacturing States consumed two and three eighths times *per capita* more of foreign products than the seven agricultural States did; and hence they paid two and three eighths times more than their *per capita* share of the burdens or taxation for the support of the General Government.

Notwithstanding these facts, the planting States of the South, and those who go with them, are constantly complaining that the tariffs have all been made for the benefit of the workmen of the North.

In the North, every man is a laborer, and every man is proud of his pursuit. Every man there produces something for the benefit of the whole, and every man is a portion of the community. It is not so in the cotton States. There they have two classes—one the free and the rich, and the other the slaves, who do the labor. I make these remarks because it is constantly said by southern gentlemen that we of the North are oppressing them with taxation for our own benefit. I have been told, too, that my State was a beggar here—that she came asking alms. Sir, I reject these assertions with scorn. It is not necessary for me to say anything in defense of that great old State which I represent—a State which has paid within the last twenty years nearly eight million dollars for education; whose people voluntarily taxed themselves to the same amount; a State where every man reads; where every man is a portion of the general community; where all are equal, and all intelligent; where her government has expended more than fifty million dollars to improve her roads and rivers; where her citizens have expended \$100,000,000 to construct railroads, and

to make her coal mines productive and profitable. Such a people require no defense from me. They can defend themselves. Their churches, their school-houses, their cultivated fields, their substantial homesteads, their massive barns, their beautiful cities, their thriving villages, and their philanthropic edifices, are monuments to their patriotism, their intelligence, their virtues, and their greatness. They will stand as long as this Union shall last; and I trust that will be forever. That State and her people, I repeat again, require no defense from any one.

The planting States, having possession of the machinery of the once powerful Democratic party of the Union, have molded its principles to suit themselves, and, by the constant agitation of the slave question, have combined the whole South with them, in a position antagonistical to the North. The real interests of the grain-growing States of the South are identical with those of Pennsylvania, and yet she receives sympathy only from a part of Maryland, Kentucky, and Tennessee. It is time we were done with the negro question, so constantly thrust upon us by the cotton States.

From the date of the Declaration of Independence until now, Pennsylvania has been Republican. Republican as that term was understood by those who made the Constitution, and as it was understood and held by Jefferson, Madison, and Monroe, and the Republican party, before the North and the South were arrayed against each other as sectional factions; before sectionalism became stronger than patriotism. Pennsylvania was then, and I hope will long continue to be, the Key-Stone of the Federal arch. Never failing in any emergency to respond to the call of duty, whether her aid was required in the tented field, or at the polls; whether for war or for peace, Pennsylvania has always been true to herself and to her duty, as a member of the Union. What she has been she will continue to be. What she has been she is now and intends to be. As an humble, but honored citizen of the State, I have been trained to believe that it is no less the duty of every citizen than of the President of the United States, to preserve, protect, and defend the Constitution; and this I construe to include the rights of the South no less than the rights of my own State. This I construe to embrace no less the rights of the cotton and rice planters of Carolina and Georgia, than the rights of the miner or manufacturer of Pennsylvania or Massachusetts. I hold that we are one people, united by an identity of interest and of duty, and I again assure southern Senators that I, as an individual, and Pennsylvania, as a State, are now, and ever will be, ready and willing to preserve, protect, and defend all and every of their rights under the Constitution, whenever and however they may be assailed, whether it may be by a foreign enemy or a domestic foe.

Having said this much, I will add that I was one of those known as the original Jackson men; that I was, and am, of the school of Jefferson, Madison, Monroe, and Calhoun, and that I look to them, and to the Constitution, for my rule of action. What, then, is the language of the Constitution? It says: the Congress "shall have power to levy and collect taxes, duties, imposts, and excises; to pay the debts and provide for the

common defense and *general welfare* of the United States," and "to regulate commerce with foreign nations and among the several States." Now, what is the construction which Jefferson, Madison, Monroe, Calhoun, and the republican fathers gave to these grants of power? Did they deny the power of Congress to pass a protective tariff? Was not the fact that the Parliament of England was opposed to the growth of manufactures in the colonies one of the chief causes of the Revolution? Did not Pennsylvania, by her Senators Morris and Maclay, demand, in the First Congress, protective duties? Did not Jefferson, Madison, Monroe, Calhoun, all and each, advocate the encouragement of American manufactures, as conducive to the "*general welfare*?" Let not Senators be startled, I quote the words from the Constitution, and I will show them that they were properly and wisely placed there. Did not General Jackson recommend a protective duty on iron, because it is an article indispensable to the "*general welfare*," for which we should not be dependent on foreign nations?

I will not take up the time of the Senate by quotations. I refer to the known and oft-repeated opinions of southern statesmen when they represented and spoke for the South; and I refer to their known opinions, because there are some who rely on the influence of their names to sustain the new theory of *ad valorem*—the modern bed of Procrustes, which regulates the "*general welfare*" by the length of *party platforms*. I profess to be practical in the business relations of life. I have great respect for the opinions and precepts of these great men. My purpose was not to cite their opinions as the rule which should at this time regulate our proceedings; but I would show that they have all admitted not only the right to create, but the expediency of a protective tariff; and to insist that that which was right and expedient then, is now an indispensable necessity. I propose to do this, by contrasting the tariff enacted by the men who made the Constitution with the tariff of the present day; the tariff of specific and protective duties, with the new system of *ad valorem*; the tariff which gave life to our manufactures, and created a body of American merchants, ready with their wealth, with their lives, and their honors, to "preserve, protect, and defend" the Constitution, with the tariff which makes us debtors, dependent upon the caprice and financial policy of foreign bankers, and substitutes the agents of foreign manufactures for the American merchant; converting into mere money-changers those who, under a wise regulation of our foreign commerce, would be the hope, the pride, and support of your country in peace and in war; making them dealers in usurious interest, and shavers of notes, instead of dealers in the produce of our industry, giving to it life and energy.

The time was, when an American merchant could purchase foreign merchandise on credit. He gave his bond for the duties, and was enabled from his sales to realize the funds, not only to pay the duties, but to purchase American produce, which he remitted to his correspondents in Europe, in time to meet his payments. Then the British manufacturer furnished the capital, and commerce was a reciprocal exchange of the surplus products of labor. The American merchant

bought British manufactures and paid for them with American produce.

It will be remembered, that in his speech on the tariff of 1816, Mr. Calhoun admitted the propriety of protecting the manufacturing interest which had been created by the war. It was not until after the election of John Quincy Adams, and the question of internal improvements by the General Government was made a part of Mr. Clay's American system, that the South rallied against a protective tariff as *unconstitutional*. The question then was not so much whether there should be a protection for American manufacture, as whether a large surplus revenue should be created, to be expended by Congress on internal improvements. Congress may have power to levy duties, "to provide for the common defense and general welfare," and yet it may not be authorized to create a large surplus to be expended in internal improvements. I note this distinction to mark a period in our progress, and that I may call the attention of the Senate to the fact, that this part of Mr. Clay's system having been arrested by the movement of South Carolina, the payment of the public debt, and the transfer of the public money to the State banks by General Jackson, led to such an inflation of the currency, and gave such a stimulus to enterprise and speculation, that the States entered upon an expensive system of roads and canals, which led to an issue of State bonds, which became a new element in our foreign commerce, and which element it is the duty of the statesmen of the present day to study and comprehend.

Failing to obtain a renewal of its charter, the Bank of the United States sold its branches, and invested the greater portion of the proceeds in State bonds, and sent them to London for sale to reinstate its capital. We all know that the London bankers and the Bank of England exerted their influence, and, by the depreciation of the value of State bonds, prevented their sale until, by the failure of the Bank of the United States, they were no longer fearful of its agency in placing our six per cent. in competition with their securities. Having broken down the Bank of the United States, they permitted our credit to be so far reinstated that our railroad companies were enabled to purchase foreign iron with their bonds. This has been done until we have accumulated a foreign debt of at least five hundred million dollars, the payment of the interest upon which, and the continued importation of foreign iron, will soon create so large a balance against us that our condition will be much worse than a colonial dependent upon England; for I beg leave to remind southern Senators that our credit has become as much an article of commerce as their cotton. It is now used to pay for other merchandise, as well as iron and steel; and that this purchase of foreign merchandise with our bonds is a violation of the principles of trade, I beg to remind them that commerce should be a reciprocal exchange of the surplus products of labor, and that, by *exchanging our credit* for the products of English labor, whether it be in the shape of iron or other merchandise, we create a debt, the payment of the principal and interest of which will subject us to all the contingencies which may at any time affect the money market of Europe.

I beg Senators to reflect for a moment on the

cause and the effect of the late monetary crisis, and to realize that the use of our credit in the shape of railroad bonds is a new element of commerce unknown to Adam Smith and the other masters who taught them the science of political economy. I ask, if a protective tariff was wise and expedient when our commerce was an exchange of the surplus produce of our labor, is it not indispensable now as the only means of preventing a ruinous foreign debt? I beg to remind them again, that the effect of the *ad valorem* system of duties has been to change the entire system of our foreign commerce. We no longer have American merchants employed in the purchase of American produce to be exchanged for foreign merchandise. In their place we have the agents of foreign manufacturers, who invoice their goods at the cost of production—not at the commercial price in the foreign markets. These goods are placed in our Government warehouses until the agent can sell them by his patterns to the jobbers. These jobbers do not deal in American produce, but give their notes payable to their own order. These notes are placed in the hands of a broker, and sold at a discount, which discount the agent of the foreign house charges as a part of the price of the goods. Who, I ask, pays this discount? You all must see that it is paid by the consumer. The jobber pays the face of the note; the agent receives what the jobber pays, less the discount.

Would he sell the notes for such a price, unless he had made himself whole by the price at which he had sold his goods? Surely not. Who, then, profits by this mode of levying our duties? The Government does not, because this system favors a class of invoices charging the goods at less than their value in the foreign market. Is it not obvious that the consumer does, because he is compelled to pay the duties and the profits on what the jobber and the retailer pay, which includes the shave on the notes in the hands of the broker? And what does the foreign agent do with the proceeds of these notes? Does he buy American produce? No. He remits specie, and thus deranges our currency. The use of our credit in the shape of railroad bonds has created a balance against us, which, if the present system continues, will overwhelm us in irretrievable ruin. There is no hope of escape but in such an increase of the duty on iron as to prevent the further importation of the foreign article.

If we estimate that the interest on our debt now payable in Europe be but thirty millions and our imports of foreign iron and steel be but thirty millions, (and the average for ten years has been forty millions,) and compound this sum for thirty years at six per cent. interest, it will be more than six thousand million dollars. The interest alone upon that sum will be more than three hundred and sixty million dollars per annum. Is it wise to continue a system fraught with such consequences? There is no hope of escape but in such an increase of duty upon iron as to prevent the further importation of it. I beg Senators to look on the map of the United States and upon the British and Mexican territory, which must and will be embraced in our system of internal improvements. I do not mean that we are to annex Canada or Mexico. I refer to them as part of a system of improvement to be developed by American labor and enterprise. I would re-

mind you that our railroads are the product of American labor; that if we manufacture our own iron, the entire profits of the labor and capital employed in their construction will be ours; and I beg you to pause for a moment and look on the magnitude of the interest to be developed, and the amount of capital to be created. If our progress be in the same ratio for the next thirty years that it has been for the last ten, our investment in railroads will be nearly or quite equal to the present value of the entire property of this country, and the profit on the labor of their construction will be thousands of millions of dollars.

In conclusion, I beg to remind southern Senators that it is not a Pennsylvania, nor is it a northern question. It is a question of "general welfare." It is not a question between the North and the

South as competing sections. It is a question between the North and the South, the East and the West, as parts of one single interest, united as one people in competition with other nations, as independent parts of a system of international commerce. These great elements of wealth, *coal and iron*, are not peculiar to Pennsylvania. They abound in most of the States. They are the gifts of a bountiful and all-wise Providence; and it is the interest and the duty of all the States to unite in promoting the end of their creation. In this union of interests and this development of our resources, the conflict between North and South will end in a common sentiment of mutual interest, and we will become, as it is our interests and our duty we should be, a united and a prosperous people.

